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Traits on Money vol 7.

L E T T E R

TO THE

RIGHT HONOURABLE

WILLIAM PITT,

Chancellor of the Exchequer, &c.

ON THE

CONDUCT of the BANK DIRECTORS;

WITH

CURSORY OBSERVATIONS

ON

Mr. MORGAN's PAMPHLET,

RESPECTING THE EXPENCE OF THE WAR,

AND THE

STATE OF THE NATIONAL DEBT.



LONDON:

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1796.

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LONDON

OF THE

1890

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LETTER,

&c.

20th February, 1796.

SIR,

AFTER a three years struggle between *virtue, religion, and property*, on the one hand, and *vice, atheism, and rapine*, on the other, the contest is evidently tending to a conclusion in favor of the former; but to insure ultimate success, it is still necessary to continue the contest for some time longer with energy and vigor. The disposition for peace which our most gracious Sovereign manifested in his message to Parliament, having been misconstrued in France into a secret consciousness of the inability of this country to continue the war, the French rulers have

adopted the insulting and false notion, that it is in their power to dictate the peace. No man, who has paid attention to the language of the French government since the King's message was known in France, can for a moment doubt this : and if such be the spirit that at present reigns in the French councils, who is the Englishman that shall *dare* to say this is the proper time to treat for peace? Thus, then, the great question of the moment, instead of being, whether we should continue the war, or make peace, naturally resolves itself into this single point, " Peace being for the present unattainable, what is the proper conduct to be held by this country ?"

To this I trust the heart of every good Englishman will suggest the answer.

" That the true road to peace is by a vigorous prosecution of the war."

While I thus express my hope that this is the general sentiment of the country, I will not for a moment admit the idea that the first servant of the crown may perhaps
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form an exception to it; and yet I must be forgiven for saying, that there have appeared of late in your public conduct a certain relaxation and forenefs on the subject of the war, that lead me to fear that your mind may not have been altogether proof against the various engines which *ignorance, weakness, or disaffection*, have set up to force you into an inglorious peace. Of these the first and most dangerous is the late resolution of the Bank of England, to reduce their discounts.

No sooner had you concluded your financial arrangements for the expence of another campaign, than that great and wealthy body, whose duty and interest it is to support and extend, by all proper means, the public and private credit of this country, suddenly adopted a measure but too well calculated to spread, all over Europe, the idea that the resources of this country were rapidly on the decline.

To this measure I fear you may have been too “tremblingly alive,” and that,
instead

instead of searching for a remedy to this evil (where it certainly may be found) in the talents and public spirit of the country, you may have entertained the delusive hope of persuading obstinacy, and opening the eyes of prejudice. Whether this may have been the case or not, your long continued indecision upon the further pecuniary aid to be given to our faithfully ally, during a period when *decision* is of such immense importance, has given but too much reason to conclude that the conduct of the Bank of England has influenced his Majesty's councils, and that the possible illicit exportation of a few thousands of our guineas has been gravely weighed against the fate of Europe.

If this has really been the case, I must be allowed to say that you have been unjust to yourself, and unjust to the numerous friends who are attached to you. And that, by allowing the Bank of England to obtain any weight in the decision of a political question, you not only injure the great interests of Europe which are in your hands, but, by establishing such a precedent,

dent, hang a mill-stone about the neck of the government of this country for ever.

A very short time after it became known that the court of Vienna might have occasion for a new loan, an alarm was industriously propagated that the Bank had experienced an immense drain of specie, and that, in order to maintain the proper proportion between their notes in circulation and the coin for paying them, it was necessary to restrict their discounts to a very inconsiderable part of their usual amount. That this change in the conduct of the Bank might produce the quickest and most extensive consequences, it was announced to the public in an advertisement of an unprecedented kind, evidently calculated to excite in the public mind, the idea that this reduction of discount proceeded from no particular apprehension of overtrading, no diminution of confidence in any particular paper, and of course that it was dictated by a diminution of the powers of the Bank. Now were there no other evidence whatever of the hollowness of the conduct of the Bank on this occasion, this advertisement would

would prove it beyond a doubt, because if they really dreaded or had experienced an extraordinary drain of specie, they would have carefully concealed this circumstance, and ascribed their reduction of discount to every other cause possible rather than this. But this is not the only proof that the alarm so industriously propagated of a drain of specie, is, if not altogether unfounded, at least exaggerated infinitely beyond the reality.

Let me ask you, Sir, when this drain of coin took place? Was it in the month of December last, when the first symptoms of alarm appeared? Was it the work of one day, or week, or month, or year? If it was by a *run* upon the Bank, all the world would have heard of it, and its effect might have been marked with the greatest accuracy: but no such run has ever been heard of, therefore the drain so much talked of, if it has ever existed, must have been the work of time—it must have been gradual, inasmuch as to have been *imperceptible* even to the Directors themselves, else why to a *gradual*

dua. evil did they not apply a *gradual* remedy?

If the coin in the Bank has been *gradually* diminishing, ought not the Directors to have been *gradually* reducing, in a proper proportion, their notes in circulation? Or, is there some secret reason with the Directors, for visiting the iniquities of the other years of the war upon the first months of the year 1796?

The Bank of England has now for more than a century enjoyed the invaluable privilege of exclusive banking, as a corporate body. The paper of the Bank, from the unbounded credit it enjoys, forms the principal medium of circulation of this country, and from the comparatively small reserve of specie, necessary for answering the notes which return from time to time upon the Bank for payment, the profits of the establishment must necessarily be immense. They ought to be so—they are fairly earned; but let not this establishment presume to turn to the detriment of the public, the very means which it derives from the confidence of that public. That the Bank

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of England has of late years exercised the power which the confidence of the public has put into their hands, in a manner calculated to shake the whole edifice of public and private credit to the foundation, cannot be denied, when we recollect their conduct in the year 1793. The country banks having at that time incurred their displeasure, the Directors of the Bank first turned all their views to the extinction of country bank notes, many of which being for sums of five pounds and five guineas, circulated instead of guineas all over the country. The obstacles thrown by them in the way of the circulation of these notes necessarily brought in large sums of them for payment, and there being then no Bank of England notes below the value of 10*l*. the country banks were under the necessity of calling upon their town-correspondents for supplies of guineas. The calls upon the Bank for gold which necessarily followed, led the Directors to adopt the absurd idea, that the coin of the country was going out of the kingdom, while it was notorious at the time to every person acquainted with foreign exchanges, that not a single guinea could be sent out of the kingdom without a positive loss

loss of five or six *per cent*, not to mention the risk of incurring the penalties of the law. Thus a false conclusion, of which the natural guardians of public and private credit ought to have been ashamed, gave rise to such distress in the commercial world, as even the greatest calamities could hardly have accounted for. But after all this mischief had been occasioned by ill-founded alarm, what was the conduct of the Bank upon the occasion? Why, truly, they found it necessary and proper to look to their own safety, and leave the unfortunate public to shift for itself.

The consequence of this indifference was, the interference of the legislature, which wisely stood forth in support of credit, by passing the salutary act for the issue of five millions in Exchequer bills, to be lent on securities to the satisfaction of commissioners. Little more than the half of this sum was called for, and the whole business was, (as you well know,) finally wound up, not only without loss, but with a small profit to the public. After such a dreadful example of the consequences of mistaken alarm, it was natural to suppose, that on future occa-

sions, the Bank of England would be cautious how they gave way to their apprehensions of danger. It was natural to suppose that they would see that the chief danger actually lies in their alarm. Their recent resolution, with regard to discounts, shews that they have not profited by experience, and if means are not adopted for counteracting their caprice, the ebbs and flows of which baffle all calculation, the commercial interest of this country must suffer in all its branches, and honest industry receive a fatal check. To all this you will reply, that the Bank of England is a free and independent corporation, which ever has been, and must remain, uncontrouled in its operations; that the hand of power must in no case interfere in its affairs, and that the laws of good faith require that their exclusive privilege should be held sacred. No man living subscribes more chearfully than I do to this doctrine; but is there no remedy against an evil that returns so frequently, and threatens so much mischief to public and private credit? Shall a society, *intended for the support of both*, turn from time to time its force against the public, from which all that force springs? And

And shall Englishmen be condemned to an indignant silence without even an attempt to extricate themselves from such thralldom? Shall a self-elected body of Directors go on from year to year to fill up the vacancies in the direction with their own minions, while the Proprietors at large remain unconcerned spectators of the ruin which must ensue from the narrow policy that influences their proceedings? No, Sir, the honest indignation of Englishmen will break forth, and call, in a Court of Proprietors, the depositaries of their powers to a severe account. If it shall appear upon an inquiry, which must be instituted, that the Bank Directors have wantonly sported with the general distress; that many of the measures which they dignify with the name of prudence, have originated in narrow conceptions and private jealousy; that in many cases they have shewn themselves unequal to their situations, the forfeiture of the confidence of their constituents, *at least*, will be the consequence.

If, on the other hand, it shall appear that their conduct is justified by the situation of the Bank, it will then become the bounden duty

duty of the public, and your's as the minister of the country, to consider of the means by which the commerce of this great country may be protected against the consequences of the inability of the Bank of England, which will in this case be demonstrated, to suffice for all the necessary purposes of circulation. Be assured, Sir, that if the result of the inquiry into the situation of the Bank of England should lead to such a consideration, MEANS WILL BE FOUND TO PRODUCE THE DESIRED EFFECT, WITHOUT THE VIOLATION OF ANY PRINCIPLE OR PRIVILEGE WHATEVER.

Before I quit this subject, it may be necessary to observe that the Bank of England has uniformly manifested the most marked opposition to any pecuniary aid to the Emperor, and yet the consequence of such aid must, to all intents and purposes, have been the same to this country, as if the money remitted to the Emperor had been employed to defray the expences of a war carried on upon the continent by British troops, with this important difference in favour of the aid to the Emperor, that the money

money so remitted to him must return with accumulated advantage to this country by the interest and redemption of the loan. It is also worthy of remark, that the great cry against the exportation of specie has been chiefly directed against the remittance of the Emperor's loan. On this subject, indeed, the Bank of England may have some important lights which common observers are not possessed of. The Emperor's agents may have made the remittances in an improper manner; but, if this is the case, why does not the Bank boldly say so? I have been told that the Emperor's agents roundly assert that a great part of their remittances has consisted of Spanish dollars, partly purchased of the Bank of England itself, and that all such remittances, instead of creating a scarcity of the current coin, must rather have tended to prevent its exportation, by keeping the exchange from running too much against this country. But *bold assertions* are not to be admitted as *proofs*, and it therefore becomes of importance to the public to ascertain whether they are well or ill founded.

The exportation of specie has been always guarded against with uncommon care ; and yet, if we are to believe what the greatest * writer on political arithmetic that ever the world produced, says on the subject, no care on the part of a state was ever more needless.

“ The funds (says that enlightened writer) which maintained the foreign wars of the present century, the most expensive, perhaps, which history records, seem to have had little dependency upon the exportation either of the circulating money, or of the treasure of the Prince. The last French war cost Great Britain upwards of ninety millions, including, not only the seventy-five millions of new debt that was contracted, but the additional two shillings in the pound land-tax, and what was annually borrowed of the sinking fund.—More than two thirds of this expence was laid out in distant countries ; in Germany, Portugal, America, in the parts of the Mediter-

* Dr. Smith.

anean,

“ ranean, in the East and West Indies.
 “ The kings of England had no accumu-
 “ lated treasure—we never heard of any
 “ extraordinary quantity of plate being
 “ melted down—the circulating gold and
 “ silver of the country had not been sup-
 “ posed to exceed eighteen millions since
 “ the late re-coinage of the gold ; how-
 “ ever, it is believed to have been a good
 “ deal under-rated. Let us suppose, there-
 “ fore, according to the most exaggerated
 “ computation which I remember to have
 “ either seen or heard of, that, gold and
 “ silver together, it amounted to thirty
 “ millions. Had the war been carried on
 “ by means of our money, the whole of it
 “ must, even according to this computa-
 “ tion, have been sent out and returned
 “ again, at least twice, in a period of be-
 “ tween six and seven years. Should this
 “ be supposed, it would afford the most
 “ decisive argument to demonstrate how
 “ unnecessary it is for a government to
 “ watch over the preservation of money,
 “ since, upon this supposition, the whole
 “ money of the country must have gone
 “ from it, and returned to it again, two

“ different times in so short a period, with-
 “ out any body’s knowing any thing of
 “ the matter.*”

It is true, that, in this country, where there exists so large a paper-circulation, it must be one of the chief objects of the attention of the Bank, which circulates that paper, to keep its coffers filled in due proportion to the quantity of paper in circulation, and it is, doubtless, an object that must require occasional sacrifices; but, when the public service requires any extraordinary financial exertions, it seems to me no more than consistent with strict justice, that the same body which derives such immense advantages from performing the chief circulation of the country in times of prosperity and peace, should not shrink from the same duty in times of difficulty and danger. If the sacrifices which this duty might expose the Bank to, should appear too great, there surely can be no doubt, that, upon a proper representation of the

* Smith’s *Wealth of Nations*, Vol. II. page 159,
 3d edit. 8vo.

case, government would consent to bear a part of them. But let not the pecuniary faculties of the country be raised or depressed according to the whims of half a dozen directors, (for not more, I am assured, are allowed to have any voice in the cabinet of the Bank-administration) who being themselves engaged in trade, and liable to all the little passions that actuate the human heart, may frequently join in a measure, more with a view to humble aspiring rivals, than to promote the general good.

A recent publication, in which your financial operations are exhibited in a partial and unfair point of view, is another of the engines set up by the enemies of your administration to damp your ardour, and that of the country, in the prosecution of the war. Englishmen had found, in the purity of your financial administration, a consolation and confidence which supported them in all their sufferings. The baleful spirit of party seized the moment when the natural guardians of English credit seemed to abandon it to its fate, for

snatching from this country that consolation, and that confidence.

While the great majority of the people believed that your views were honourable, and your talents equal to the high situation you filled, the enemies of your administration knew they had nothing to hope for; but no sooner did they see something like a censure of your administration in the conduct of the Bank of England, than, profiting of a moment so propitious to their views, they concentrate all their malevolence, and, by the pamphlet alluded to, aim a mortal blow at your financial reputation. They well knew, that this is not the age of serious investigation; that financial disquisitions are dry, and unenterprising; and that for one who can, or will examine, there are thousands who fervilely adopt the calumny of the day, especially if it tends to degrade an exalted character. It would be an insult to your understanding to suppose that the publication in question can have given you any serious uneasiness; but you may have observed with regret, the effect which the artful misrepresentations it contains,

contains, have made upon the public mind. It is to prevent your feeling this too strongly, and to undeceive the public upon the principal points it treats of, that I enter upon a short examination of the pamphlet, entitled, “ Facts respecting the Expence “ of the War, &c.”

The great object of this writer is evidently to terrify the public by the bugbear of a *nominal capital*, whereas the real burden of the national debt consists only in the *permanent interest* incurred, or in the equivalent of it, upon the sums that have been borrowed upon *terminable annuities*.

His comparison of the debt incurred by the present war, with the debt incurred by the four first years of the American war, reckoned from 1776 to 1779, is *prima facie* very unfair; seeing there is so great a disproportion between the *exertions*, that have been made in those two periods.

Until the interference of France in the American war, which can only be dated from the action between the *Arethusa* and the *Belle Poule*, on the 18th of June, 1779,
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the war with America can only be considered as a domestic dispute, in which unfortunately we undervalued the strength of the enemy we had to combat. And so far is the comparatively small expence of the first four years of the war with America, from being a subject of exultation to the friends of the minister who conducted it, that it forms one of the chief grounds of censure of his administration. If instead of that small expence, and the consequent feeble exertions, during those four years, the expence and exertions had been tripled, in all probability the interference of France might have been prevented, and the Thirteen States of America might now have formed a brilliant appendage to the British dominions.

Instead of comparing the expences of the *first* four years of the American war, with those of the first four years of the present war (between our *exertions* in which two periods there is so great a disproportion) it would have argued more fairness to have compared the expences of the four *last* years of the American war, with those of the four *first* years of the present war, and
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if such a comparison is made, it will be found, (notwithstanding the natural tendency of the expence of every war, to exceed that of the preceding war,) that the expences of the last period are not much greater than those of the former; but that the financial operations by which they have been provided for have been greatly more advantageous for this country than those of your predecessor.

In the four years of the American war, from 1779 to 1783, Lord North borrowed 44,500,000*l.* which cost upon an average 5*l.* 15*s.* 9*d.* *per cent.* as will appear by the table subjoined. No. 1.

And in the year 1783, during Mr. Fox's administration, *after peace was made* 12,000,000*l.* were borrowed at the rate of 4*l.* 14*s.* *per cent.* as will also appear by the same table.

The sums which you have raised by public loans since the commencement of the present war amount to £.52,138,875, the average rate of interest whereof amounts only to 4*l.*

4*l.* 11*s.* 7½*d.* *per cent.* as will appear from the table subjoined. No. 2.

But I shall be told by Mr. Morgan, that in order to borrow this sum of £.52,138,875 you have created a needless capital of 22,562,391*l.* 12*s.* and thereby in return for 52,138,875*l.* of money, have brought a debt upon the country of 74,062,391*l.* 12*s.*

In answer to this specious argument I shall content myself with observing, that it is not the *nominal capital* of a loan to which a minister ought to look, but to the *permanent interest* which the country must pay for it, as the prices of the funds being equalised, it will not cost more to buy up 133*l.* 6*s.* 8*d.* capital of three *per cents.* than to buy 100*l.* capital of four *per cents.*

The conclusions which I draw from a comparative view of the loans of the last four years of the American war with those which have been raised under your administration, since the commencement of the present war, are of a most consolatory nature indeed. During the former period,

Lord North borrowed a sum of 44,500,000*l.* for which he created stock and annuities equivalent to a capital of 51,510,413*l.* 17*s.* 6*d.* bearing interest at five *per cent.* or 2,575,520*l.* 13*s.* 8*d.* perpetuity. Whereas during the latter period you have borrowed 52,138,875*l.* for which you have created stock and annuities equivalent to a capital of 47,772,391*l.* 12*s.* bearing interest at five *per cent.* or 2,388,619*l.* 11*s.* 7*d.* perpetuity.

The result of this comparative view (the only just and impartial one that can be taken) seems to me, matter of great exultation to this country and to you, instead of being (what the author of the pamphlet no doubt wished his comparison to be) a subject of despondency and mortification.

The author of the pamphlet, (page 34) to shew the marvellous superiority of the four *per cents* over the three *per cents*, as an object of redemption, for the sinking fund, says, " When the three *per cents* are at se-

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" venty,

“ venty, and the four *per cents* at eighty-
 “ four, money is improved in the one at
 “ 4*l.* 5*s.* 9*d.* and in the other at 4*l.* 15*s.* 3*d.*
 “ *per cent.* If, therefore, one million
 “ were annually laid out during the term
 “ allotted for the sinking fund, or twenty-
 “ six years in purchasing *three per cents* at
 “ *seventy*, and another million in purcha-
 “ sing *four per cents* at *eighty-four*, the
 “ capital redeemed in the former will be
 “ 65,918,000*l.* and in the latter 58,798,000*l.*
 “ But the real value of the one is only
 “ 46,142,500*l.* and its interest 1,977,540*l.*
 “ while the real value of the other is
 “ 49,390,200*l.* and its interest 2,351,920*l.*”

Taking for granted that these calculations
 are just, (for there is no reason to doubt the
arithmetical accuracy of the author) he must
 allow me to observe, that it is the duty of
 the minister of finance of this country, to
 attend not only to the *reduction* of its debt,
 but also to promote, in times of peace, the
 means of raising, in time of war, the neces-
 sary supplies with the greatest certainty and
 facility, and on the cheapest terms. If,
 therefore, in time of peace, the purchases of
 the

the commissioners for redeeming the national debt, have been made only in the three *per cents*, this circumstance must necessarily have had the effect of keeping up the price of this immense fund, (the only one in which very large sums can be raised easily) and of enabling government to raise, on terms so highly advantageous, the chief part of the large supplies which the present war has required.

The case which the author has supposed of the application of a million for twenty-six years, in purchasing three *per cents* at seventy, and of another million for the same period, in purchasing four *per cents* at eighty-four, is certainly not less difficult to realise than the following case, which I beg leave to put as a contrast to it.

Suppose, that at the end of the first year after the commencement of the application of the two several millions as above stated, any event should render it necessary to borrow twenty-one millions, and that upon the principle of contracting the least possible capital of debt, this sum should be raised in

four *per cents* at eighty-four, rather than in three *per cents* at seventy; the consequence would be that the loan in four *per cents* would cost the country annually 100,000*l.* more than if it had been raised in three *per cents*; and Mr. Morgan, who so well knows the astonishing effects of compound interest, need not be told that an annuity of 100,000*l.* for twenty-five years, improved at the rate of four *per cent*, would amount at the end of that period to the sum of 4,164,590*l.* 16*s.* and that if the same annuity were improved at five *per cent*, (which is not much above the rate that a loan in four *per cents* at eighty-four would cost) it would amount at the end of twenty-five years to 4,772,709*l.* 16*s.* all which, besides the perpetual charge of 100,000*l.* *per ann.* thereafter, would be lost to the country for the sake of having preferred a *smaller* to a *larger* nominal capital.

I cannot quit this part of the subject without calling your attention to the versatility of the author in the application of his doctrine relative to nominal capitals. The addition of a *needleless capital* (as he calls it) in borrowing money he reprobates as unnecessary

cessary profusion ; but to the reduction of the same *needless capital* in redeeming the public debt, he allows no merit whatever, as in the example above stated of the effects of purchases in a three *per cent* and four *per cent* fund, he sets no value at all upon the redemption in the one case of 7,120,000*l.* more capital than in the other ; and yet he makes it a charge against you in the raising of the last loan, that for 100,000*l.* money you added a needless capital to our debt of more than five millions and a half, by borrowing in *three* rather than *four per cents*. Now it would seem to follow, that if the raising of a loan in a fund bearing a low interest with an augmentation of capital be an error in finance, and if the high nominal capital of our debt be (as this writer affects to believe) a serious evil, then, every attempt to diminish that nominal capital must be meritorious. It is utterly impossible that censure should equally apply to both.--How shall we account for this inconsistency ? The manifest drift of the author through the whole performance is a sufficient answer. His object is, to present to the public a dispiriting picture of our financial situation, and the same principle

principle which leads him to exaggerate the burthens imposed on us in contracting a debt, carries him to under-rate the relief obtained by discharging it.

I lament, with every good subject, the unavoidable additional burthens which the present war has brought upon the public; but it is to me, as it must be to every lover of his country, matter of exultation to consider that even the comparatively small sums borrowed in the first four years of a domestic dispute, which Mr. Morgan has so uncandidly taken as a proper subject of comparison with the loans made in the present war, will be found to have been raised on an average at the rate of *5*l.* 0*s.* 10 $\frac{1}{4}$ *d.* per cent.* as will appear by the table subjoined, No. 3, while the public loans during the present war have not, as I have said before, cost the public more than *4*l.* 11*s.* 7 $\frac{1}{2}$ *d.* per cent.* But it may be inferred by hasty observers that, by reducing the public loans made in Lord North's administration, as well as those made during your administration, to one common denomination, and valuing them at a rate corresponding to an interest

interest of 5*l.* *per cent.* on the money raised, some advantage in the comparison is given to the latter. This is by no means the case, as the result would have been equally favourable, if four *per cent.*, or any other rate of reduction had been adopted, the great object in reducing the whole to one common denomination, having been to ascertain with precision their respective expence to the country, which never can be done if capitals bearing interest at different rates are all blended indiscriminately together.

Why Mr. Morgan has chosen a different mode of estimation the public will not be at a loss to discover, when it is considered that in every case his object seems to be, to depreciate our resources, and to exaggerate our burthens.

Had this not been the leading principle that has dictated the whole of his performance, would he have insulted the sense of the public so far as to state among *our debts* (without also stating it among our *resources*)
the

the loan raised last sessions for the use of his Imperial Majesty ?

'Tis true that this country has guaranteed the regular payment of the dividends of this loan; but does it follow from thence that the whole expences of that loan are to become a charge upon this country ? Is there not on the contrary every reason to believe that the court of Vienna will be punctual in performing the engagements contracted by this loan ? Even Mr. Fox himself, though decidedly against the measure when before Parliament, only called the guaranty of this country an *insurance*. Mr. Morgan, after the lapse of a year, states it as *a total loss*. If, adopting Mr. Fox's definition of the guaranty, we consider it merely as an *insurance*, we shall find that the premium or price of this insurance has been made good to us, in the first place, by the co-operation of the Austrian army on the continent, tending ultimately to procure us more advantageous terms of peace, and secondly, in a pecuniary point of view, by a saving of three Shillings long annuity, on the loan for the service of the year 1795, amounting to no less

less a sum than 27,000*l.* *per ann.* which at 19.161 years purchase, was then worth 517,347*l.* It is hardly necessary to add, that part of the risk is now expired, inasmuch as the dividends for a year and an half have been paid, without any call upon this country that I have heard of.

On the subject of the expence of the present war, which Mr. Morgan says, “ exceeds that of all others,” I shall only observe, that this may be true without its affording any proof of there being any unnecessary profusion in the conduct of it. If the number of men voted for the army and navy, and the number of ships in commission, be (as I believe they are) greater than they were in any former war, and if greater exertions are made in the present than in any former war, it is impossible that the expences incurred should not also be greater. If, moreover, by the depreciation in the value of money, the sum annually expended in the maintenance of a family twenty years ago, will not now procure to that family an equal portion of comforts and necessaries for more than eight months, why should the

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annual

annual expenditure of former wars be referred to as the criterion by which we are to judge of the *annual* expenditure of the present war? Besides, the important question is not, whether the number of pounds sterling expended in the present war is greater than the number expended in any former war, but whether the expence of the present war (due attention being paid to the reduced value of money) is greater in proportion to the exertions made by this country, and to the exertions and expences of the enemy, than the expence of any preceding war, in proportion to the exertions of this country, and to the exertions and expences of the enemy in that war?

This is a view of the subject which Mr. Morgan has not thought proper to take, and yet candour and common sense must both unite in pronouncing this to be the only statement of the question by which we can arrive at such a solution as will not mislead the public mind. If ever the question so stated should engage the attention of a candid and enlightened mind, possessed of the best sources of information, I venture to predict

predict that the result of such an investigation will be fully as honourable to the "war minister," as the financial operations of the present war (so unjustly attacked) are honourable to the "minister of finance."

I am, and shall be, as long as your public conduct shall appear deserving of the support of the real friends of this country,

SIR,

Your most obedient and

Devoted humble Servant,

A PROPRIETOR OF BANK STOCK.

ACCOUNT

1851

that the result of the investigation
will be published in the "Globe"
as soon as it is completed. It is
the intention of the Government
to publish the result of the
investigation.



I am, Sir, very respectfully,
Your obedient servant,
John W. Foster,
Secretary of the Interior.

Sir,

Your most obedient servant

David M. Bennett

A PROTESTANT OF THE FARM

No. 1. ACCOUNT of LOANS during the FOUR YEAR's WAR with

	Sum borrowed.	Conditions.	Rate of Interest.	Principal bearing Intft. at 3 per cent.	Principal bearing Intft. at 4 per cent.	Annuity.	Term of Years.	Y at 5
79	£. 7,000,000	100l. 3 per cent. Consols - - - - - 3l. 15s. Annuity for 29 years, worth 15.141 year's purchase, at 56l. 15s. 7d. at 5 per cent. - - - - - } Bonus 7 Lottery Tickets, per 1000l. Sub- scription, valued at 2l. 10s. per Ticket, is 1l. 15s. per 100l. at 5 per cent. - }	£. s. d. 3 0 0 2 16 9 5 16 9 0 1 9 5 18 6	£. 7,000,000	£. —	£. 262,500	— 29	
80	12,000,000	100l. at 4 per cent. - - - - - 1l. 16s. 3d. Annuity for 80 years, worth 19.5964, 35l. 10s. 4d. at 5 per cent. } Bonus 4 Tickets, per 1000l. worth 1l. at 5 per cent. - - - - - }	4 0 0 1 15 6 5 15 6 0 1 0 5 16 6		12,000,000	217,500	— 80	I
81	12,000,000	150l. at 3 per cent. - - - - - 25l. at 4 per cent. - - - - - Bonus 4 Lottery Tickets, per 1000l. worth 1l. - - - - - }	4 10 0 1 0 0 5 10 0 0 1 0 5 11 0	18,000,000	— 3,000,000	— —	— —	
82	13,500,000	100l. 3 per cents. - - - - - 50l. 4 per cents. - - - - - 17s. 6d. Annuity for 78 years, at 19,555 } 17l. 2s. 3d. at 5 per cent. - - - - - }	3 0 0 2 0 0 0 17 1 5 17 1 0 0 9 5 17 10	13,500,000	— 6,750,000	— 118,125	— 78	
	44,500,000			38,500,000	21,750,000			
						38,500,000 Capital at 3 per cent. is 21,750,000 — at 4 per cent.		
						Bonus on the Lottery - - -		

LOAN of 1783, after PEACE was made, in M

12,000,000	100l. 3 per cent. - - - - - 25l. 4 per cent. - - - - - 13s. 4d. Annuity for 77 years, 13l. os. 4d. } at 5 per cent. - - - - - }	3 0 0 1 0 0 0 13 0 4 13 0 0 1 0 4 14 0	12,000,000	— 3,000,000	— 79,500	— 77	
	Bonus 4 Lottery Tickets, per 1000l. -						
	Rate of Interest - - - - -						

R with FRANCE, in LORD NORTH'S ADMINISTRATION.

Term of years.	Years Purchase at 5 p. cent.	Value of the Annuity when granted, or Principal, at 5 per cent.	Interest, or Perpetuity.	Lottery.	Interest on the Lottery Tickets.
		£. s. d.	£. s. d.		£. s. d.
29	15,141	3,945 12 10	210,000 0 0 198,725 12 4	49,000 Tickets, at 2l. 10s. - }	122,500 6,125 0 0
80	195,694	4,262,217 0 0	480,000 0 0 213,110 17 0	48,000 Tickets -	120,000 6,000 0 0
—	—	— —	540,000 0 0 120,000 0 0	48,000 Tickets -	120,000 6,000 0 0
78	19,555	2,309,934 7 6	405,000 0 0 270,000 0 0 115,496 14 4	40,500 Tickets -	101,250 5,062 10 0
per cent. is equal to		10,546,663 17 6	2,552,333 3 8	463,750	23,187 10 0
per cent. —		23,100,000 0 0 17,400,000 0 0			
— — — —		51,046,663 17 6 463,750 0 0	23,187 10 0		
		51,110,413 17 6	2,575,520 13 8	Average Rate of Interest - -	5 15 9

in Mr. FOX'S ADMINISTRATION.

77	19,5328	1,552,857 12 0	360,000 0 0 120,000 0 0 77,642 17 8	48,000 Tickets -	120,000 6,000 0 0
Bonus on the Lottery — —			557,642 17 8 6,000 0 0		
			563,642 17 8	Rate of Interest - - -	4 14 0



No. 2. ACCOUNT of LOANS since the COMMENCEMENT of the

Year.	Sum borrowed.	Conditions.	Rate of Interest.	Capital in 3 per cents.	Capital in 4 per cents.	Annuity.
1793	£. 4,500,000	100l. 3 per cent. consols for 72 money -	£. s. d. 4 3 4	6,250,000	—	—
1794	11,000,000	100l. in 3 per cents. - - - - - 25l. in 4 per cents. - - - - - 11s. 5d. Annuity for 66 years, worth 19.201 is 10l. 19s. 2d. at 5 per cent. }	3 0 0 1 0 0 0 10 11½ 4 10 11½	11,000,000 — —	— 2,750,000 —	— — 62,791 13 4
1795	18,000,000	100l. 3 per cent. consols. - - - - - 33l. 6s. 8d. 4 per cents. - - - - - 12s. 6d. Annuity for 65 years, at 19.161 11l. 19s. 6d. at 5 per cent. - - - }	3 0 0 1 6 8 0 11 11.7 4 18 7.7	18,000,000 — — —	— 6,000,000 — —	— — 85,500 0 0 —
		Deduct 3s. Annuity in consideration of the Imperial Loan, worth at 19.161 2l. 17s. 6d. at 5 per cent. - - - }	0 2 10.6 4 15 9			
1796	18,000,000	120l. 3 per cent. consols. - - - - - 25l. 3 per cent. reduced - - - - - 6s. 6d. Annuity for 64 years at 19.1191 6l. 4s. 3d. at 5 per cent. - - - }	3 12 0 0 15 0 0 6 2½ 4 13 2½	21,600,000 4,500,000 — —	— — — —	— — 58,000 0 0 —
		Bonus, dividend of 1½ per cent. on 120l. consols 1l. 16s. 0d. at 5 per cent. }	0 1 9½	—	—	—
	51,500,000		4 15 0	61,350,000	8,750,000	206,791 13 4

61,350,000 of 3 per cents. equivalent to
8,750,000 of 4 per cents. - - - -

{ Profit on Lotteries - - - - - £.962,875 }
{ Less the Bonus of Dividend in 1796. - 324,000 } £.638,875

638,875
52,138,875

Note. The £.3,961,370 of Navy Debt funded in 5 per cents. are purposely omitted from unfunded Debt, (which is not the Object of the present Enquiry) but supposing whole Sum raised would Amount to £.56,100,245, bearing an Interest of £.2,587

of the PRESENT WAR, in MR. PITT'S ADMINISTRATION.

Annuity.	Term of Years.	Years purchase.	Corresponding capital at 5 per cent.			Interest.			Lottery.	
			£.	s.	d.	£.	s.	d.	Tickets	Profit.
—	—	—	—	—	—	187,500	0	0	50,000	£.175,000
—	—	—	—	—	—	330,000	0	0		
—	—	—	—	—	—	110,000	0	0		
13 4	66	19.201	1,205,658	15	0	60,282	18	9	40,000	240,666 $\frac{1}{3}$
—	—	—	—	—	—	540,000	0	0		
—	—	—	—	—	—	240,000	0	0		
0 0 0	65	19.161	1,638,265	10	0	81,913	5	6	40,000	338,666 $\frac{2}{3}$
—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	648,000	0	0		
—	—	—	—	—	—	135,000	0	0		
0 0 0	64	19.1191	1,118,167	7	0	55,923	7	4	55,000	208,511 $\frac{2}{3}$
—	—	—	—	—	—	—	—	—		£.962,875
—	—	—	—	—	—	—	—	—	Deduct Bonus 1796.	324,000
91 13 4	Annuity equivalent to a capital at 5 per cent. }		3,962,391	12	0	2,388,619	11	7		£.638,875
Equivalent to a capital at 5 per cent.			36,810,000	0	0					
— — — — —			7,000,000	0	0					
			£.47,772,391	12	0	at 5 per cent.			2,388,619	11 7
which on £.52,138,875 Money received, makes the average Interest 4l. 11s. 7 $\frac{1}{2}$ d. per cent.										

ded from the above State, as more properly belonging to the consideration of the whole
supposing this Sum of £.3,961,370 to be added to £.52,138,875 of public Loans, the
£.2,587,188, or £.4 12s 2 $\frac{1}{2}$ d.

TABLE OF THE PRESENT VALUE OF THE UNITED STATES DEBT

Year	Debt	Present Value	Interest	Principal
1860	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1870	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1880	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1890	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1900	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1910	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1920	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1930	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1940	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1950	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1960	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1970	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1980	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
1990	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2000	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2010	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2020	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2030	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2040	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2050	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2060	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2070	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2080	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2090	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000
2100	2,461,000,000	1,800,000,000	100,000,000	1,700,000,000

ACCOUNT OF THE PROCEEDINGS OF THE COMMISSIONERS OF THE LAND OFFICE

Year	Month	Day	Description	Amount	Total	Balance	Remarks	Signature	Date
1850	Jan	1	...	...	...	...	...	...	...
1850	Feb	1	...	...	...	...	...	...	...
1850	Mar	1	...	...	...	...	...	...	...
1850	Apr	1	...	...	...	...	...	...	...
1850	May	1	...	...	...	...	...	...	...
1850	Jun	1	...	...	...	...	...	...	...
1850	Jul	1	...	...	...	...	...	...	...
1850	Aug	1	...	...	...	...	...	...	...
1850	Sep	1	...	...	...	...	...	...	...
1850	Oct	1	...	...	...	...	...	...	...
1850	Nov	1	...	...	...	...	...	...	...
1850	Dec	1	...	...	...	...	...	...	...
1851	Jan	1	...	...	...	...	...	...	...
1851	Feb	1	...	...	...	...	...	...	...
1851	Mar	1	...	...	...	...	...	...	...
1851	Apr	1	...	...	...	...	...	...	...
1851	May	1	...	...	...	...	...	...	...
1851	Jun	1	...	...	...	...	...	...	...
1851	Jul	1	...	...	...	...	...	...	...
1851	Aug	1	...	...	...	...	...	...	...
1851	Sep	1	...	...	...	...	...	...	...
1851	Oct	1	...	...	...	...	...	...	...
1851	Nov	1	...	...	...	...	...	...	...
1851	Dec	1	...	...	...	...	...	...	...
1852	Jan	1	...	...	...	...	...	...	...
1852	Feb	1	...	...	...	...	...	...	...
1852	Mar	1	...	...	...	...	...	...	...
1852	Apr	1	...	...	...	...	...	...	...
1852	May	1	...	...	...	...	...	...	...
1852	Jun	1	...	...	...	...	...	...	...
1852	Jul	1	...	...	...	...	...	...	...
1852	Aug	1	...	...	...	...	...	...	...
1852	Sep	1	...	...	...	...	...	...	...
1852	Oct	1	...	...	...	...	...	...	...
1852	Nov	1	...	...	...	...	...	...	...
1852	Dec	1	...	...	...	...	...	...	...
1853	Jan	1	...	...	...	...	...	...	...
1853	Feb	1	...	...	...	...	...	...	...
1853	Mar	1	...	...	...	...	...	...	...
1853	Apr	1	...	...	...	...	...	...	...
1853	May	1	...	...	...	...	...	...	...
1853	Jun	1	...	...	...	...	...	...	...
1853	Jul	1	...	...	...	...	...	...	...
1853	Aug	1	...	...	...	...	...	...	...
1853	Sep	1	...	...	...	...	...	...	...
1853	Oct	1	...	...	...	...	...	...	...
1853	Nov	1	...	...	...	...	...	...	...
1853	Dec	1	...	...	...	...	...	...	...
1854	Jan	1	...	...	...	...	...	...	...
1854	Feb	1	...	...	...	...	...	...	...
1854	Mar	1	...	...	...	...	...	...	...
1854	Apr	1	...	...	...	...	...	...	...
1854	May	1	...	...	...	...	...	...	...
1854	Jun	1	...	...	...	...	...	...	...
1854	Jul	1	...	...	...	...	...	...	...
1854	Aug	1	...	...	...	...	...	...	...
1854	Sep	1	...	...	...	...	...	...	...
1854	Oct	1	...	...	...	...	...	...	...
1854	Nov	1	...	...	...	...	...	...	...
1854	Dec	1	...	...	...	...	...	...	...
1855	Jan	1	...	...	...	...	...	...	...
1855	Feb	1	...	...	...	...	...	...	...
1855	Mar	1	...	...	...	...	...	...	...
1855	Apr	1	...	...	...	...	...	...	...
1855	May	1	...	...	...	...	...	...	...
1855	Jun	1	...	...	...	...	...	...	...
1855	Jul	1	...	...	...	...	...	...	...
1855	Aug	1	...	...	...	...	...	...	...
1855	Sep	1	...	...	...	...	...	...	...
1855	Oct	1	...	...	...	...	...	...	...
1855	Nov	1	...	...	...	...	...	...	...
1855	Dec	1	...	...	...	...	...	...	...
1856	Jan	1	...	...	...	...	...	...	...
1856	Feb	1	...	...	...	...	...	...	...
1856	Mar	1	...	...	...	...	...	...	...
1856	Apr	1	...	...	...	...	...	...	...
1856	May	1	...	...	...	...	...	...	...
1856	Jun	1	...	...	...	...	...	...	...
1856	Jul	1	...	...	...	...	...	...	...
1856	Aug	1	...	...	...	...	...	...	...
1856	Sep	1	...	...	...	...	...	...	...
1856	Oct	1	...	...	...	...	...	...	...
1856	Nov	1	...	...	...	...	...	...	...
1856	Dec	1	...	...	...	...	...	...	...
1857	Jan	1	...	...	...	...	...	...	...
1857	Feb	1	...	...	...	...	...	...	...
1857	Mar	1	...	...	...	...	...	...	...
1857	Apr	1	...	...	...	...	...	...	...
1857	May	1	...	...	...	...	...	...	...
1857	Jun	1	...	...	...	...	...	...	...
1857	Jul	1	...	...	...	...	...	...	...
1857	Aug	1	...	...	...	...	...	...	...
1857	Sep	1	...	...	...	...	...	...	...
1857	Oct	1	...	...	...	...	...	...	...
1857	Nov	1	...	...	...	...	...	...	...
1857	Dec	1	...	...	...	...	...	...	...
1858	Jan	1	...	...	...	...	...	...	...
1858	Feb	1	...	...	...	...	...	...	...
1858	Mar	1	...	...	...	...	...	...	...
1858	Apr	1	...	...	...	...	...	...	...
1858	May	1	...	...	...	...	...	...	...
1858	Jun	1	...	...	...	...	...	...	...
1858	Jul	1	...	...	...	...	...	...	...
1858	Aug	1	...	...	...	...	...	...	...
1858	Sep	1	...	...	...	...	...	...	...
1858	Oct	1	...	...	...	...	...	...	...
1858	Nov	1	...	...	...	...	...	...	...
1858	Dec	1	...	...	...	...	...	...	...
1859	Jan	1	...	...	...	...	...	...	...
1859	Feb	1	...	...	...	...	...	...	...
1859	Mar	1	...	...	...	...	...	...	...
1859	Apr	1	...	...	...	...	...	...	...
1859	May	1	...	...	...	...	...	...	...
1859	Jun	1	...	...	...	...	...	...	...
1859	Jul	1	...	...	...	...	...	...	...
1859	Aug	1	...	...	...	...	...	...	...
1859	Sep	1	...	...	...	...	...	...	...
1859	Oct	1	...	...	...	...	...	...	...
1859	Nov	1	...	...	...	...	...	...	...
1859	Dec	1	...	...	...	...	...	...	...
1860	Jan	1	...	...	...	...	...	...	...
1860	Feb	1	...	...	...	...	...	...	...
1860	Mar	1	...	...	...	...	...	...	...
1860	Apr	1	...	...	...	...	...	...	...
1860	May	1	...	...	...	...	...	...	...
1860	Jun	1	...	...	...	...	...	...	...
1860	Jul	1	...	...	...	...	...	...	...
1860	Aug	1	...	...	...	...	...	...	...
1860	Sep	1	...	...	...	...	...	...	...
1860	Oct	1	...	...	...	...	...	...	...
1860	Nov	1	...	...	...	...	...	...	...
1860	Dec	1	...	...	...	...	...	...	...
1861	Jan	1	...	...	...	...	...	...	...
1861	Feb	1	...	...	...	...	...	...	...
1861	Mar	1	...	...	...	...	...	...	...
1861	Apr	1	...	...	...	...	...	...	...
1861	May	1	...	...	...	...	...	...	...
1861	Jun	1	...	...	...	...	...	...	...
1861	Jul	1	...	...	...	...	...	...	...
1861	Aug	1	...	...	...	...	...	...	...
1861	Sep	1	...	...	...	...	...	...	...
1861	Oct	1	...	...	...	...	...	...	...
1861	Nov	1	...	...	...	...	...	...	...
1861	Dec	1	...	...	...	...	...	...	...
1862	Jan	1	...	...	...	...	...	...	...
1862	Feb	1
1862	Mar	1
1862	Apr	1
1862	May	1
1862	Jun	1
1862	Jul	1
1862	Aug	1
1862	Sep	1
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1863	May	1
1863	Jun	1
1863	Jul	1
1863	Aug	1
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1863	Oct	1
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1863	Dec	1
1864	Jan	1
1864	Feb	1
1864	Mar	1
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1864	Sep	1
1864	Oct	1
1864	Nov	1
1864	Dec	1
1865	Jan	1
1865	Feb	1
1865	Mar	1
1865	Apr	1
1865	May	1	...	...	...	...	...	...	...
1865	Jun	1	...	...	...	...	...	...	...
1865	Jul	1	...	...	...	...	...	...	...
1865	Aug	1	...	...	...	...	...	...	...
1865	Sep	1	...	...	...	...	...	...	...
1865	Oct	1	...	...	...	...	...	...	...
1865	Nov	1	...	...	...	...	...	...	...
1865	Dec	1	...	...	...	...	...	...	...
1866	Jan	1	...	...	...	...	...	...	...
1866	Feb	1	...	...	...	...	...	...	...
1866	Mar	1	...	...	...	...	...	...	...
1866	Apr	1	...	...	...	...	...	...	...
1866	May	1	...	...	...	...	...	...	...
1866	Jun	1	...	...</			

No.3. Mr. MORGAN's STATEMENT of the DEBT From the Year 1776 to 1779 incl

			Mr. Morgan
			Principals
			£.
Stock in the 3 per cents. in 1776	—	—	2,150,000
1778	—	—	6,000,000
1779	—	—	7,000,000
Stock in the 4 per cents. in 1777	—	—	5,000,000
An Annuity of 25,000l. for 10 years, in 1777, worth	}	—	192,500
7.7217 year's purchase		—	—
Ditto of 150,000l. for 30 years, in 1778, worth 15.3724		—	2,305,800
Ditto of 262,500l. for 29 years, in 1779, worth 15.141		—	3,974,500
			<u>26,622,800</u>

Mr. Morgan makes the Debt incurred — £. 26,622,800

More correctly stated the Debt incurred was only 19,563,000

To which should be added the Sums given as a Bonus to the Subscribers in the Profit on the Lotteries, which otherwise might have been saved to the Public.

60,000 Tickets in 1776	} 207,000 Tickets at 2l. 10s.	617,000
50,000 — 1777		—
48,000 — 1778		—
49,000 — 1779		20,180,000

The Money borrowed was in 1776	—	2,000,000
1777	—	5,000,000
1778	—	6,000,000
1779	—	7,000,000
		<u>20,000,000</u>

DEBT incurred by the AMERICAN WAR, 1799 inclusive, corrected.

Mr. Morgan's Statement.		Correct Statement.	
Principal.	Interest.	Principal.	Interest.
£.	£.	At 5l. per cent.	£.
1,150,000	64,500	1,290,000	64,500
9,000,000	180,000	3,600,000	180,000
7,000,000	210,000	4,200,000	210,000
5,000,000	200,000	4,000,000	200,000
192,500	25,000	193,042 $\frac{1}{2}$	9,652 $\frac{1}{8}$
2,305,860	150,000	2,305,860	115,293
3,974,510	262,500	3,974,512 $\frac{1}{2}$	198,725 $\frac{5}{8}$
6,622,870	1,092,000	19,563,415	978,170 $\frac{15}{16}$

£. £. s.
 6,622,870 Principal, and 1,092,000 0 Interest.
 9,563,415 Principal, and 978,120 15 Interest.

617,500 — — — 30,875 0
 10,180,915 1,009,045 15

2,000,000
 5,000,000
 6,000,000
 7,000,000

20,000,000, at 5l. os. 10 $\frac{4}{5}$ per cent. 1,009,045 $\frac{15}{16}$.



